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PAT QUINN
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September 11, 2009

David Blumenthal, MD, MPP
National Coordinator for Health Information Technology
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201
StateHIEgrants@mailto:hhs.gov

Dear Dr. Blumenthal:

The State of Illinois intends to submit an application pursuant to the funding opportunity announcement entitled "American Recovery and Reinvestment Act of 2009, State Grants to Promote Health Information Technology Planning and Implementation Projects" (Funding Opportunity Number: EP-HIT-09-001). The title of this proposed project is The Illinois Health Information Exchange.

The State Health IT Coordinator and primary point of contact for this application is Laura Zaremba, Deputy Director, Illinois Department of Healthcare and Family Services, (312) 793-4792, laura.zaremba@illinois.gov.

Overview

The State of Illinois currently has a State Plan for the development of a state-level health information exchange (HIE). The plan will require a thorough assessment in light of the planning guidance provided by the Office of the National Coordinator (ONC), and will be updated to achieve consistence with that guidance.

The State of Illinois will submit this application solely on behalf of Illinois, but does intend to pursue opportunities for cooperation with neighboring states as our respective plans for state-level health information exchange progress. As a State government, we do not intend to apply to be a Regional Extension Center, but rather, plan to closely coordinate planning and implementation activities with any entity that is awarded funding pursuant to the Regional Center funding opportunity.

Key State personnel for this application, and the planning and implementation of the state-level HIE are: Greg Wass, State Chief Information Officer; Michael Gelder, Senior Health Policy Advisor to the Governor; Laura Zaremba, Deputy Director, Department of Healthcare and Family Services (HFS); Theresa Eagleson, Medicaid Director, HFS; Mary McGinnis, Strategic Sourcing Manager, HFS; Ivan Handler, Chief Information Officer, HFS; and David Carvalho, Deputy Director, Department of Public Health.

Participating stakeholders in Illinois' application and the development of its state-level HIE are (list in formation): Illinois Primary Health Care Association; Illinois Hospital Association; Illinois Academy of Family Physicians; Illinois Academy of Pediatrics; Illinois Critical Access Hospital Network, AARP Illinois; Illinois Maternal and Child Health Coalition, Illinois Public Health Institute; Healthcare Information and Management Systems Society; Midwest Business Group on Health; Illinois Science and Technology Coalition; Chicago Community Trust; University of Illinois at Chicago; University of Chicago Medical Center; and Northwestern Memorial Hospital. State agency stakeholders are: Office of the Governor; Department of Healthcare and Family Services; Department of Public Health; Department of Human Services; Department of Commerce and Economic Opportunity; and the Department of Insurance.

Illinois Health Information Exchange and the Public Interest

The State of Illinois, working in close cooperation with a broad-based group of health care stakeholders throughout the state, will expand the use of health information technology to improve the coordination and impact of health care services. This active coalition recognizes that the facilitation of HIE is strongly in the public interest as a powerful tool to transform the delivery of health care. This group of HIE stakeholders supports the adoption and meaningful use of electronic health records to improve health care quality and outcomes, improve patient safety, reduce health disparities, medical errors and duplicative services, enhance patient care coordination, enhance public health and disease surveillance and control the cost of health care.

As such, the State of Illinois, intends to seek ONC approval of our State Plan and the award of the maximum allowable funding for the planning and implementation of a state-level HIE.

Leveraging Existing HIE Activities

In February, 2009, I authorized the implementation of a \$3 million planning grant program to promote the development of HIE in Illinois. HFS subsequently awarded planning grants in 16 Medical Trading Areas throughout the state. The primary purpose of the program, which will continue through June 2010, is to further develop the stakeholder participation, provider collaboration and governance necessary to facilitate HIE in the areas and practice settings where patients receive their care. The State will leverage the efforts of the grantees to gain critical information and support for the planning and implementation of the state-level HIE.

With the assistance of the National Opinion Research Center (NORC) at the University of Chicago, the State has conducted an environmental scan of adoption of health information technology and participation in HIE efforts in support of the Illinois HIE plan. The environmental scan documented interviews with numerous state and national informants who identified both opportunities and obstacles in Illinois' HIT and HIE efforts. The findings included an assessment of EHR adoption and implementation in a variety of hospital settings and physician practices. The current rate of e-prescribing and lab data exchange were also explored in discussions with key informants. The information gained from the environmental scan indicates that the current environment in Illinois is favorable to EHR and HIE, which bodes well for the State's continued planning efforts.

Developing HIE Capacity in the Five Domains

Through the development of its existing State Plan, the HIE planning grants program and the monitoring of existing HIE activities throughout the state, Illinois has initiated planning for each of the five domains supporting the ONC program. We will identify ways to leverage existing regional efforts in each of those domains to advance HIE and develop capacity on funded activities as follows:

Governance Capacity

Illinois convened an Electronic Health Records Taskforce in August 2005 to plan for the development and utilization of electronic health records. The Taskforce, comprised of a broad range of health care stakeholders from around the state, issued a final report in December 2006, which recommended legislation to create a state-level HIE and included provisions for the governance of that exchange. Subsequent legislation to enact the Taskforce recommendations was amendatorily vetoed in 2007 and did not become law. To continue necessary stakeholder support and progress toward a state-level exchange, consistent with the intent of legislation, the State reconvened members of the Taskforce in January 2008 as the Illinois HIE Advisory Committee. Membership and participation in the Advisory Committee continues to expand to reflect the increased breadth and depth of interest in HIE in Illinois and the need for representation among all stakeholders including providers, patients, payers and others. The Advisory Committee has formed a Governance Work Group to develop more specific recommendations regarding a governance model for a state-level HIE that reflects the consensus of this wide group of health care interests.

The HIE Planning Grants program is also facilitating the convening and organizing of health care stakeholders around local exchange plans throughout Illinois. The grantees are working on a local level with the support of the State and the HIE Advisory Committee to develop plans to facilitate exchange among providers that will ultimately lead to statewide coverage of HIE services. Much work remains to be done to convene all stakeholders necessary to plan and implement a financially sustainable, state-level HIE. The State anticipates the need to substantially revise and supplement its existing State Plan with regard to a governance structure, oversight and accountability for the state-level exchange. The State anticipates that this will require immediate commencement of stakeholder meetings throughout Illinois, with a particular focus on enhancing patient and provider education about and support for these efforts.

The EHR Taskforce and subsequent legislation also recommended the creation of a public-private partnership to operate the state-level HIE. Based on the continued consensus of the HIE Advisory Committee, the State plans to move forward with this recommendation and seek statutory authority for the creation of the exchange. The broad oversight and accountability for the exchange will be outlined in statute. As the largest provider of health care coverage and through the operation of HFS' Medicaid Management Information System (MMIS) and Medical Data Warehouse, the State will provide a significant foundation for the success of the state-level HIE. HFS will actively participate in its governance. Prior to the creation of the public-private entity, all necessary planning activities related to the state-level HIE will be administered through a newly designated Office of Health Information Technology within the Office of the Governor.

Finance Capacity

One of the most challenging aspects of planning for a successful state-level HIE is developing a financial model that will be sustainable. In order for Illinois to succeed in this effort, the HIE Advisory Sustainability Work Group will research financial models that have been successful in other states and local communities. Because the proposed governance structure for Illinois is a public-private entity, input from government officials, employers, health plans, EHR users, patients and consumers will be critical in developing a sustainability model that is acceptable to all stakeholders. Financial decisions will be informed by conducting market research studies to determine the best practices and revenue generating mechanisms, developing pricing strategies based on anticipated supply and demand for HIE, and assessing the potential impact of federal funds to assist Medicare and Medicaid providers in adopting EHR. The State anticipates that it will need to

foster relationships with philanthropic organizations whose missions are aligned with meeting the health needs of the uninsured, underinsured and medically under-served populations in order to supplement the sustainability plan.

The State intends to develop and implement policies and procedures that are consistent with federal and state financial reporting and audit requirements, including compliance with sound financial controls and audit procedures.

Technical Infrastructure Capacity

Three current IT infrastructure efforts are already underway in Illinois. The State is currently undertaking an MMIS upgrade. Additionally, for the past year, the Governor's office has led the state's human service departments in the planning for an integrated framework for human services delivery. The PAPD has been conditionally approved by CMS. Both projects will involve research into the options for technical infrastructure both in terms of applications support and deployment as well as the deployment of broadband in underserved communities. Lastly, the State is preparing for a new procurement of its Medical Data Warehouse in 2011. This effort will also integrate with state-level HIE planning and eventual deployment of technical infrastructure.

Given that the state systems will be interoperable with the HIE, the State expects these HIT and related efforts will share information and coordinate their activities. The State will also investigate the technical infrastructure requirements with all current HIE planning grantees and stakeholders in the 16 Medical Trading Areas. This will involve not only the available network capacity, but also estimates of bandwidth requirements as a state-level HIE is created and evolves. As such, the State is coordinating HIE planning efforts with those of the ARRA-related Illinois Broadband Deployment Council. The State will develop a model for EHR storage that can evolve over time and for value added services that will encourage and incent participation in the HIE and dramatically improve the quality of health care. Such activities will require significant business requirements gathering and as-is, to-be technology assessments with all planned participants in the HIE.

Business and Technical Operations Capacity

HFS and the HIE Advisory Committee Survey Workgroup is surveying providers to assess their readiness, current use and future plans for EHR systems. The survey instrument is designed to collect information about the rate of EHR adoption, types of providers, barriers to adoption, reasons for adopting, vendors selected, electronic functionality, data exchange partners, e-prescribing, and interest in EHR loans programs. The data collected from this statewide survey will assist the State in formulating targeted EHR planning and implementation efforts. In addition, HFS is developing its State Medicaid HIT Plan to administer Medicaid incentive payments for the meaningful use of EHR.

Based on the outcomes of the EHR survey technical infrastructure research, a plan will be submitted to the governance body detailing what components of the HIE plan will be managed by the HIE itself, what components will be managed by public or private entities outside of HIE governance under contract and what components will be procured by members of the HIE individually. The criteria used to determine the management of these functions will be efficiency, quality, reliability, cost, conformance to privacy and security laws and the need for choice and flexibility by HIE members.

The plan will detail the level of effort required for project management, help desk support and systems maintenance including personnel and service contracts. It will include an effective change control operation including staffing requirements as well as detailed requirements documents,

evaluation tools and critical contractual obligations for any components that will be managed by entities outside of HIE governance. The governance and staffing requirements for change control will be heavily dependent on the actual HIE implementation plan.

The plan will also include a detailed reporting structure that ensures efficient day-to-day operation of the HIE. Daily, weekly and monthly reports will be used to ensure adequate capacity and to identify potential deficiencies in the operation. Regular performance reports will be submitted to the governance body and stakeholders pursuant to the plan. Reports will also be produced periodically to ensure that all members of the HIE are conforming to standards in federal and state law and in the HIE membership agreements.

Legal and Policy HIE Capacity

Since June 2006, Illinois has been an active participant in the Health Information Security and Privacy Collaboration (HISPC). As part of these multi-state collaborative efforts, Illinois has identified best practices and challenges in addressing privacy and security issues related to HIE. Along with other state partners, Illinois has developed consensus-based solutions that protect the privacy and security of health information and assisted in the development of plans to implement these solutions. In the successive phases of HISPC, Illinois joined a multi-state collaborative to create HIE specific forms including, a notice of privacy practices, consent forms for use and disclosure of protected health information and an authorization for research. Illinois has further evaluated the consent options for HIE at both the intra-state and inter-state level. The depth of knowledge gained from these important initiatives adds to the overall readiness of the State to enter into more advanced HIE planning and implementation phases.

The State anticipates legislation to create a public-private entity to oversee the operations of the state-level HIE. The State will research and develop necessary legal documents and procedures including data-use agreements between and among public and private stakeholders, business-use agreements, vendor contracts and employee policies and procedures. The State expects to undertake an additional legal review of existing federal and state privacy, security and data use law and policies, conduct a thorough assessment of the legal requirements for the public private entity, and obtain all necessary legal opinions to ensure that the state-level HIE operates at a high standard of accountability and oversight.

Illinois strongly supports the goals outlined in the HITECH Act and the widespread adoption and meaningful use of HIT to improve the quality and efficiency of health care. Illinois looks forward to working with the ONC, other federal partners, other states and stakeholders to achieve these goals.

Sincerely,

A handwritten signature in black ink that reads "Pat Quinn". The signature is written in a cursive, flowing style.

Pat Quinn
Governor